

SUMMARY ANALYSIS OF AMENDED BILL

Author: Strickland Analyst: William Koch Bill Number: SB 463
 Related Bills: See Prior Analysis Telephone: 845-4372 Amended Date: April 29, 2009
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Renewable Energy Resource Project Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED
☒ February 26, 2009, STILL APPLIES.

☒ OTHER – See comments below.

SUMMARY

This bill would allow a tax credit of up to \$3,000 for the purchase and installation of a renewable energy resource project, as specified.

SUMMARY OF AMENDMENTS

This bill as introduced February 26, 2009, would have allowed a tax credit for the purchase and installation of a renewable energy resource project or a renewable energy resource conversion technology project, as specified.

The April 29, 2009, amendments would limit the tax credit to the purchase and installation of a renewable energy resource project. The amendments would also define the phrase “renewable energy resource project.”

As a result of the amendments, the “This Bill” and “Implementation Considerations” discussions, as provided in the department’s analysis of the bill as introduced February 26, 2009, have been revised. The remainder of that analysis still applies.

Board Position:

_____ S _____ NA _____ NP
 _____ SA _____ O _____ NAR
 _____ N _____ OUA ☒ PENDING

Legislative Director

Date

Patrice Gau-Johnson for
 Brian Putler

05/08/09

THIS BILL

Under Personal Income Tax Law and Corporation Tax Law, this bill would allow a credit equal to 30 percent of the costs paid or incurred by the taxpayer during the taxable year for the purchase and installation of a renewable energy resource project. This bill would require the project to be installed on property owned or leased by the taxpayer and reduce the taxpayer's energy usage from the energy grid.

This bill would do the following:

- Define "renewable energy resource project" as an electric generation facility that uses biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waster conversion, landfill gas, ocean wave, ocean thermal, or tidal current.
- Apply to taxable years beginning on or after January 1, 2009, and before January 1, 2017.
- Limit the credit to a maximum amount of \$3,000 per taxpayer for all taxable years.
- Allow a taxpayer to carry over unused credits over indefinitely, until exhausted.
- Remain in effect until December 1, 2017, and as of that date be repealed.

IMPLEMENTATION CONSIDERATIONS

The department has identified the following implementation concerns. Department staff is available to work with the author's office to resolve these and other concerns that may be identified.

This bill would define "renewable energy resource project" as an electric generation facility that uses biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waster conversion, landfill gas, ocean wave, ocean thermal, or tidal current. The department lacks expertise to determine if a project meets this definition. Typically, credits involving areas for which the department lacks expertise are certified by another agency or agencies that possess the relevant expertise. The certification language would specify the responsibilities of both the certifying agency and the taxpayer. The author may wish to amend this bill to require certification from the California Energy Commission, or other qualified agency, that the renewable energy resource project meets this definition.

This bill would provide a credit for the purchase and installation of a renewable energy resource project that reduces the taxpayer's energy usage from the energy grid. This bill lacks a definition of energy grid. Undefined terms can lead to disputes between taxpayers and the department. The author may wish to amend this bill to define energy grid.

In addition, the department lacks expertise to determine if the renewable energy resource project reduces a taxpayer's energy usage from the energy grid. The author may wish to amend this bill to require the California Energy Commission, or other qualified agency, certify that the renewable energy resource project reduces a taxpayer's energy usage from the energy grid.

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